



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FORMER ADAIR COUNTY CLERK**

**Calendar Year 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Jerry M. Vaughan, County Judge/Executive  
Honorable Ann Melton, Adair County Clerk  
Honorable Joyce C. Rodgers, Former Adair County Clerk  
Members of the Adair County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former County Clerk of Adair County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the former County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the former County Clerk is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former County Clerk for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
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Honorable Joyce C. Rodgers, Former Adair County Clerk  
Members of the Adair County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 3, 1999, on our consideration of the former County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 3, 1999

ADAIR COUNTY  
JOYCE C. RODGERS, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

State Fees For Services		\$	7,544
Fiscal Court			3,917
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	496,986	
Usage Tax		1,718,025	
Tangible Personal Property Tax		741,325	
Licenses-			
Marriage		6,244	
Candidate Filing Fees		2,050	
Deed Transfer Tax		23,441	
Delinquent Tax		23,173	3,011,244
Fees Collected for Services:			
Recordings-			
Deeds, Easements and Contracts	\$	16,343	
Real Estate Mortgages		20,539	
Chattel Mortgages and Financing Statements		61,274	
Powers of Attorney		988	
All Other Recordings		15,120	
Charges for Other Services-			
Candidate Filing Fees		2,077	
Copywork		4,274	120,615
Other:			
Lien Fees	\$	3,701	
Cold Check Fees		80	
Miscellaneous		2,599	6,380
Interest Earned			4,047
Gross Receipts (Carried Forward)		\$	3,153,747

ADAIR COUNTY  
 JOYCE C. RODGERS, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1998  
 (Continued)

Gross Receipts (Brought Forward)		\$ 3,153,747
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Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 383,042	
Usage Tax	1,659,712	
Tangible Personal Property Tax	251,082	

Licenses-

Delinquent Tax	2,793	
Legal Process Tax	19,478	
Candidate Filing Fees	1,440	\$ 2,317,547

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 61,643	
Delinquent Tax	2,642	
Deed Transfer Tax	22,410	86,695

Payments to Other Districts:

Tangible Personal Property Tax	\$ 399,116	
Delinquent Tax	11,329	410,445

Payments to Sheriff

992

Payments to County Attorney

3,535

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$ 116,406	
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Employee Benefits-

Employer's Share Social Security	11,946	
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Contracted Services-

Advertising	73	
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Printing and Binding	3,535	
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Supplies and Materials-

Office Supplies	42	
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ADAIR COUNTY  
 JOYCE C. RODGERS, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1998  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:  
 (Continued)

Other Charges-

Conventions and Travel	\$	2,753	
Dues		450	
Postage		394	
Refunds		9,432	
Miscellaneous		205	
Uncollectible Returned Checks		169	\$ 145,405

Capital Outlay-

Security Camera		93	
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Total Allowable Disbursements		\$ 2,964,712
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Net Receipts		\$ 189,035
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Less: Statutory Maximum		48,726
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Excess Fees		\$ 140,309
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Less: Expense Allowance		3,600
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Excess Fees Due County for Calendar Year 1997		\$ 136,709
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Payments to County Treasurer- February 9, 1999	\$ 121,807	
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Payments to County Treasurer- June 3, 1999	14,902	136,709
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Balance Due at Completion of Audit		\$ 0
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ADAIR COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Grant

In 1997, the former County Clerk had a balance in the local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$2,700. All of these funds were expended during calendar year 1998.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Jerry M. Vaughan, County Judge/Executive  
Honorable Ann Melton, Adair County Clerk  
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Members of the Adair County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Adair County Clerk as of December 31, 1998, and have issued our report thereon dated June 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Adair County Clerk's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Adair County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Jerry M. Vaughan, County Judge/Executive  
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Members of the Adair County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 3, 1999



